HOUSING MARKET ASSESSMENT

Québec CMA

CANADA MORTGAGE AND HOUSING CORPORATION

Second Quarter 2018

The overall degree of market vulnerability remained low[1]

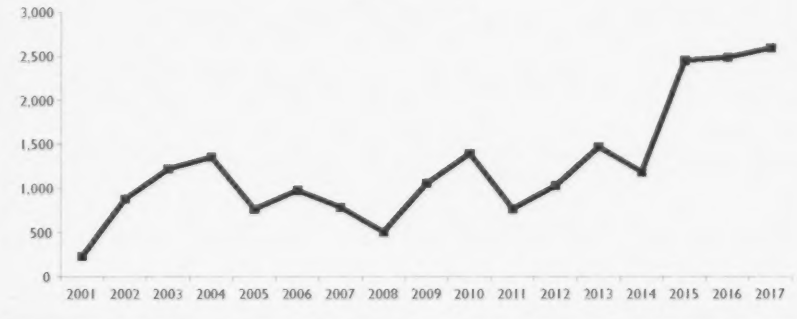
- Overall, house prices in the area remained close to levels dictated by the economic and demographic fundamentals. Evidence of overvaluation therefore remained weak.
- There were still no concerns related to overheating or price growth acceleration. Indeed, supply was relatively abundant on the resale market, and real house prices (adjusted for inflation) were following a slight downward trend.
- Evidence of overbuilding, for its part, was weak in the last quarter of 2017. Still, the pace of conventional rental unit construction remained high from a historical standpoint.

Growth in conventional rental housing supply needs continued monitoring

- Despite a slight decrease, the area's rental housing vacancy rate, as measured in October 2017, remained relatively high, at 4.5%. Additionally, the number of units started remained historically high over the course of the last year (figure 1). With the large number of units recently completed or under construction, growth in the supply of rental apartments could overtake growth in demand, and this would put upward pressure on the vacancy rate.

Figure 1

Conventional Rental Housing Starts
Québec CMA



Source: CMHC (Starts and Completions Survey)

Results Overview
Québec CMA

	Jan. 2018	Apr. 2018
Overheating		
Price Acceleration		
Overvaluation		
Overbuilding		
Overall Assessment		

Degree of vulnerability
■ High ■ Moderate ■ Low

Nicolas Bernatchez
Senior Market Analyst

"The overall degree of vulnerability of the Québec-area housing market remained low. However, evidence of overbuilding needs to be monitored due to the large number of conventional rental units under construction or recently completed."

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[1] Results are based on data as of the end of December 2017 and local market intelligence up to the end of March 2018. CMHC continuously monitors market developments and will issue HMA updates on a quaterly basis. A detailed description of the framework is available in the appendix of the National edition.

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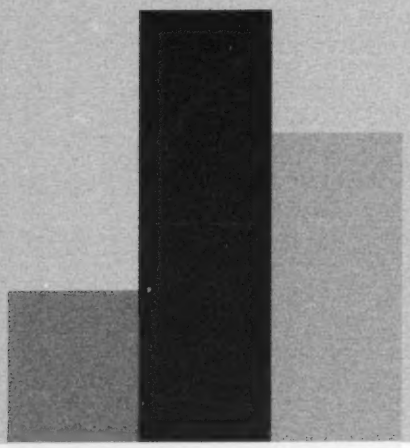

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